



OFFICE OF THE ILLINOIS STATE TREASURER  
**MICHAEL W. FRERICHS**

**Advisor-sold 529 College Savings Plans RFI 370-200-16-004  
 Questions & Answers**

Question #	Question or Clarification Request	Bright Start Advisor			
1	For both advisor-sold plans, please provide the following data for the past 3 calendar years (2013 – 2015) showing Illinois versus non-Illinois accounts:				
1a.	<i>Ending assets</i>		2013	2014	2015
		In State	\$595,257,032.11	\$680,821,043.59	\$712,819,553.01
		Out of State	\$258,940,961.50	\$289,985,766.54	\$296,793,513.52
		Morgan Stanley - Smith Barney Held Accounts	\$919,492,320.19	\$940,115,031.72	\$902,550,160.89
		<b>Total</b>	<b>\$1,773,690,313.80</b>	<b>\$1,910,921,841.85</b>	<b>\$1,912,163,227.42</b>
1b.	<i>Ending accounts (unique account owner/beneficiary combination) (includes only accounts with balances)</i>		2013	2014	2015
		In State	29,170	32,105	34,228
		Out of State	13,473	14,710	15,395
		Morgan Stanley - Smith Barney Held Accounts	37,203	35,615	34,208
		<b>Total</b>	<b>79,846</b>	<b>82,430</b>	<b>83,831</b>
1c.	<i>Annual gross inflows</i>		2013	2014	2015
		In State	\$82,288,360.35	\$98,321,864.98	\$99,973,573.70
		Out of State	\$29,709,946.62	\$30,117,022.56	\$27,626,226.31
		Morgan Stanley - Smith Barney Held Accounts	\$95,423,105.61	\$78,711,739.22	\$78,327,069.87
		<b>Total</b>	<b>\$207,421,412.58</b>	<b>\$207,150,626.76</b>	<b>\$205,926,869.88</b>
1d.	<i>Annual gross outflows</i>		2013	2014	2015
		In State	\$41,789,578.28	\$50,709,394.96	\$58,590,162.54
		Out of State	\$21,809,053.39	\$23,239,783.06	\$25,528,862.70
		Morgan Stanley - Smith Barney Held Accounts	\$111,468,758.39	\$86,160,418.25	\$89,978,131.60
		<b>Total</b>	<b>\$175,067,390.06</b>	<b>\$160,109,596.27</b>	<b>\$174,097,156.84</b>
1e.	<i>Annual new accounts</i>		2013	2014	2015
		In State	4,380	4,768	4,109
		Out of State	2,629	2,232	1,667
		<b>Total</b>	<b>7,009</b>	<b>7,000</b>	<b>5,776</b>
1f.	<i>Annual closed accounts</i>		2013	2014	2015
		In State	2,076	3,888	2,717
		Out of State	1,367	2,197	1,379
		<b>Total</b>	<b>3,443</b>	<b>6,085</b>	<b>4,096</b>

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Please provide net fund flows for each portfolio in both advisor-sold plans for the past 3 calendar years (2013 – 2015).  
Net Flows by Fund (Sales-Redemptions)

	2013	2014	2015
Advisor Age Based 0-6 Years Portfolio A	\$20,443,757.62	\$24,077,906.61	\$23,778,351.11
Advisor Age Based 0-6 Years Portfolio C	\$12,602,958.42	\$12,309,980.35	\$13,039,486.16
Advisor Age Based 0-6 Years Portfolio G	\$1,267,092.18	\$654,593.25	\$279,902.51
Advisor Age Based 0-6 Years Portfolio H	(\$979,043.26)	\$255,970.38	\$74,515.94
Advisor Age Based 10-11 Years Portfolio A	\$3,589,419.72	\$3,531,110.08	\$4,314,497.66
Advisor Age Based 10-11 Years Portfolio C	\$4,498,593.08	\$5,065,640.43	\$5,887,238.82
Advisor Age Based 10-11 Years Portfolio G	\$2,916,207.46	\$2,324,682.56	\$2,927,681.63
Advisor Age Based 10-11 Years Portfolio H	\$911,046.94	\$1,697,780.18	\$958,769.72
Advisor Age Based 12-14 Years Portfolio A	\$4,396,925.35	\$4,907,043.25	\$5,037,179.47
Advisor Age Based 12-14 Years Portfolio C	\$7,376,775.49	\$10,049,451.71	\$9,820,076.56
Advisor Age Based 12-14 Years Portfolio G	\$2,765,078.05	\$4,468,836.68	\$4,999,791.76
Advisor Age Based 12-14 Years Portfolio H	\$2,274,070.58	\$1,927,940.57	\$1,927,447.00
Advisor Age Based 15-17 Years Portfolio A	\$2,356,516.25	\$3,355,575.69	\$2,824,603.44
Advisor Age Based 15-17 Years Portfolio C	\$6,701,397.77	\$8,270,009.08	\$8,344,148.45
Advisor Age Based 15-17 Years Portfolio G	\$2,473,781.79	\$2,949,393.71	\$2,584,813.88
Advisor Age Based 15-17 Years Portfolio H	\$1,434,926.00	\$1,653,219.62	\$1,757,641.84
Advisor Age Based 18 Years Portfolio A	(\$2,033,939.44)	(\$2,792,142.22)	(\$4,134,558.66)
Advisor Age Based 18 Years Portfolio C	(\$4,333,538.52)	(\$4,467,313.47)	(\$8,324,851.44)
Advisor Age Based 18 Years Portfolio G	(\$29,808,948.11)	(\$29,557,306.77)	(\$32,502,490.13)
Advisor Age Based 18 Years Portfolio H	(\$14,318,611.34)	(\$17,346,104.51)	(\$18,543,957.65)
Advisor Age Based 7-9 Years Portfolio A	\$5,850,471.40	\$6,098,871.51	\$7,139,482.53
Advisor Age Based 7-9 Years Portfolio C	\$5,773,803.06	\$7,117,836.28	\$8,368,082.23
Advisor Age Based 7-9 Years Portfolio G	\$2,388,633.63	\$3,317,034.85	\$2,450,964.12
Advisor Age Based 7-9 Years Portfolio H	\$704,551.73	\$1,348,004.88	\$877,027.56
Advisor Balanced Portfolio A	\$2,921,072.73	\$3,842,090.74	\$2,752,155.60
Advisor Balanced Portfolio C	\$4,350,019.92	\$2,604,375.44	\$1,692,671.88
Advisor Balanced Portfolio G	(\$1,902,732.36)	(\$1,664,809.16)	(\$1,444,768.98)
Advisor Balanced Portfolio H	(\$701,515.46)	(\$1,500,481.72)	(\$1,441,878.93)
Advisor Conservative Fixed Income Portfolio A	\$178,371.26	\$185,389.97	\$461,571.96
Advisor Conservative Fixed Income Portfolio C	\$415,935.13	\$353,429.98	\$102,299.65
Advisor Conservative Fixed Income Portfolio G	\$12,258.93	(\$108,267.52)	(\$167,067.91)
Advisor Conservative Fixed Income Portfolio H	(\$17,960.00)	(\$366,309.89)	(\$223,042.81)
Advisor Equity Portfolio A	\$7,475,581.65	\$8,754,458.88	\$7,591,155.21
Advisor Equity Portfolio C	\$6,901,497.94	\$6,141,659.64	\$7,224,529.80
Advisor Equity Portfolio G	(\$10,234,608.22)	(\$10,380,193.38)	(\$13,708,260.74)
Advisor Equity Portfolio H	(\$4,185,328.60)	(\$2,661,442.22)	(\$5,289,181.85)
Advisor Fixed Income Portfolio A	\$115,946.85	\$547,337.54	\$581,752.47
Advisor Fixed Income Portfolio C	\$528,218.66	\$65,277.11	(\$73,324.00)
Advisor Fixed Income Portfolio G	(\$1,310,310.53)	(\$871,064.02)	(\$562,918.31)
Advisor Fixed Income Portfolio H	(\$1,126,856.16)	(\$745,236.65)	(\$630,392.90)
Advisor Money Market Portfolio A	\$1,054,908.36	\$824,267.03	(\$28,038.83)
Advisor Money Market Portfolio C	\$1,029,308.05	(\$371,147.30)	(\$415,069.46)
Advisor Money Market Portfolio G	(\$5,379,713.28)	(\$5,077,701.45)	(\$4,904,600.36)
Advisor Money Market Portfolio H	(\$2,975,346.93)	(\$3,748,617.23)	(\$3,573,722.96)
Principal Protection Income Portfolio A	(\$102,613.05)		
Principal Protection Income Portfolio C	(\$1,182,727.35)		
Principal Protection Income Portfolio G	(\$1,913,602.04)		
Principal Protection Income Portfolio H	(\$847,708.83)		
<b>Total</b>	<b>\$32,354,022.52</b>	<b>\$47,041,030.49</b>	<b>\$31,829,713.04</b>

3	Can you share Treasurer Frerichs' vision for what constitutes a successful 529 education savings program for the State of Illinois?	Treasurer Michael Frerichs aims to provide high quality 529 plans on behalf of the people of Illinois. He plans to accomplish this by offering best-in-class investment options at the best value possible. Furthermore, he plans to grow the plans across the state and beyond, including targeting non-traditional savers. A successful 529 college savings program will surpass the industry baseline and will be recognized by third-party evaluators or ratings agencies for its high quality.																																		
4	What are the assets and number of accounts for each advisor-sold plan by distribution channel (e.g. wirehouse, banks/trusts, independent/regional broker dealers, RIA's, insurance companies)?	<table border="1"> <thead> <tr> <th data-bbox="863 261 1444 321">Channel</th> <th data-bbox="1444 261 1677 321">Assets</th> <th data-bbox="1677 261 1887 321">Accounts(Owner/Bene)</th> </tr> </thead> <tbody> <tr> <td data-bbox="863 321 1444 350">Bank</td> <td data-bbox="1444 321 1677 350">\$7,915,438.26</td> <td data-bbox="1677 321 1887 350">482</td> </tr> <tr> <td data-bbox="863 350 1444 380">Independent</td> <td data-bbox="1444 350 1677 380">\$62,085,125.74</td> <td data-bbox="1677 350 1887 380">2,965</td> </tr> <tr> <td data-bbox="863 380 1444 409">Insurance</td> <td data-bbox="1444 380 1677 409">\$11,211,568.63</td> <td data-bbox="1677 380 1887 409">752</td> </tr> <tr> <td data-bbox="863 409 1444 438">Other (internal)</td> <td data-bbox="1444 409 1677 438">\$5,409,667.47</td> <td data-bbox="1677 409 1887 438">299</td> </tr> <tr> <td data-bbox="863 438 1444 467">Regional Broker Dealer</td> <td data-bbox="1444 438 1677 467">\$2,306,520.73</td> <td data-bbox="1677 438 1887 467">172</td> </tr> <tr> <td data-bbox="863 467 1444 496">RIA</td> <td data-bbox="1444 467 1677 496">\$987,016.61</td> <td data-bbox="1677 467 1887 496">91</td> </tr> <tr> <td data-bbox="863 496 1444 526">Trust Company</td> <td data-bbox="1444 496 1677 526">\$102,466.76</td> <td data-bbox="1677 496 1887 526">3</td> </tr> <tr> <td data-bbox="863 526 1444 555">Unknown</td> <td data-bbox="1444 526 1677 555">\$217,675,817.70</td> <td data-bbox="1677 526 1887 555">12,606</td> </tr> <tr> <td data-bbox="863 555 1444 584">Wire House</td> <td data-bbox="1444 555 1677 584">\$1,645,566,466.14</td> <td data-bbox="1677 555 1887 584">33,102</td> </tr> <tr> <td data-bbox="863 584 1444 646"><b>Total</b></td> <td data-bbox="1444 584 1677 646"><b>\$1,953,260,088.04</b></td> <td data-bbox="1677 584 1887 646"><b>50,472</b></td> </tr> </tbody> </table>	Channel	Assets	Accounts(Owner/Bene)	Bank	\$7,915,438.26	482	Independent	\$62,085,125.74	2,965	Insurance	\$11,211,568.63	752	Other (internal)	\$5,409,667.47	299	Regional Broker Dealer	\$2,306,520.73	172	RIA	\$987,016.61	91	Trust Company	\$102,466.76	3	Unknown	\$217,675,817.70	12,606	Wire House	\$1,645,566,466.14	33,102	<b>Total</b>	<b>\$1,953,260,088.04</b>	<b>50,472</b>	
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5	What is the average age of the beneficiary for Bright Start Advisor?	As of March 31, 2016 the average beneficiary age for Bright Start Advisor was 11.6 years old.																																		

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MICHAEL W. FRERICHS

**Advisor-sold 529 College Savings Plans RFI 370-200-16-004  
Questions and Answers**

Question #	Question or Clarification Request	Bright Directions			
1	For both advisor-sold plans, please provide the following data for the past 3 calendar years (2013 – 2015) showing Illinois versus non-Illinois accounts:				
1a.	<i>Ending Assets</i>		2013	2014	2015
		In State	\$1,336,561,840.00	\$1,553,094,131.00	\$1,689,801,602.00
		Out of State	\$163,128,641.00	\$203,474,301.00	\$235,514,246.00
		<b>Total</b>	<b>\$1,499,690,481.00</b>	<b>\$1,756,568,432.00</b>	<b>\$1,925,315,848.00</b>
1b.	<i>Ending accounts (unique account owner/beneficiary combination) (includes only accounts with balances)</i>		2013	2014	2015
		In State	75,257	84,483	91,809
		Out of State	7,823	9,365	11,055
		<b>Total</b>	<b>83,080</b>	<b>93,848</b>	<b>102,864</b>
1c.	<i>Annual gross inflows</i>		2013	2014	2015
		In State	\$257,618,704.00	\$293,265,761.00	\$302,971,041.00
		Out of State	\$28,056,763.00	\$29,806,809.00	\$33,766,927.00
		<b>Total</b>	<b>\$285,675,467.00</b>	<b>\$323,072,570.00</b>	<b>\$336,737,968.00</b>
1d.	<i>Annual gross outflows</i>		2013	2014	2015
		In State	\$88,583,964.00	\$110,131,039.00	\$130,988,722.00
		Out of State	\$8,876,135.00	\$11,192,237.00	\$15,896,236.00
		<b>Total</b>	<b>\$97,460,099.00</b>	<b>\$121,323,276.00</b>	<b>\$146,884,958.00</b>
1e.	<i>Annual new accounts</i>		2013	2014	2015
		In State	12,779	13,663	12,701
		Out of State	1,584	1,438	1,278
		<b>Total</b>	<b>14,363</b>	<b>15,101</b>	<b>13,979</b>
1f.	<i>Annual closed accounts</i>		2013	2014	2015
		In State	2,574	2,962	3,490
		Out of State	324	422	475
		<b>Total</b>	<b>2,898</b>	<b>3,384</b>	<b>3,965</b>

2	Please provide net fund flows for each portfolio in both advisor-sold plans for the past 3 calendar years (2013 - 2015) Net Flows by Fund (Sales-Redemptions)	2013	2014	2015
	Age-Based Aggressive 0-8	\$7,553,217.31	\$6,180,840.18	\$230,321.11
	Age-Based Aggressive 13-16	\$13,371,107.09	\$15,790,209.03	\$13,182,346.48
	Age-Based Aggressive 17-20	\$5,987,810.60	\$7,134,946.82	\$13,168,437.05
	Age-Based Aggressive 21+	\$682,899.28	\$2,681,304.65	\$1,479,358.50
	Age-Based Aggressive 9-12	\$12,228,807.29	\$18,122,965.27	\$25,228,493.23
	Age-Based Balanced 0-8	\$683,088.00	\$809,186.85	(\$1,928,582.25)
	Age-Based Balanced 13-16	\$4,563,506.35	\$4,429,069.81	\$1,895,269.18
	Age-Based Balanced 17-21	\$6,215,086.00	\$4,658,670.56	\$4,591,393.61
	Age-Based Balanced 21+	\$827,660.21	\$1,819,026.79	\$269,304.34
	Age-Based Balanced 9-12	\$2,583,129.81	\$647,680.00	\$516,231.76
	Age-Based Growth 0-8	\$12,239,270.26	\$4,659,536.13	\$920,752.78
	Age-Based Growth 13-16	\$17,719,013.21	\$20,971,083.24	\$19,749,961.20
	Age-Based Growth 17-20	\$14,277,587.07	\$15,931,538.68	\$19,828,484.23
	Age-Based Growth 21+	\$1,942,608.42	\$3,067,258.99	\$3,111,901.64
	Age-Based Growth 9-12	\$21,204,459.17	\$19,727,463.22	\$19,300,346.27
	Fixed Income	(\$1,048,531.98)	(\$347,164.49)	\$288,323.17
	Fund 10	(\$564,205.36)	\$404,305.84	\$38,778.31
	Fund 100	\$3,234,470.74	\$5,261,371.36	\$6,403,791.35
	Fund 20	\$1,375,689.75	\$1,294,395.01	(\$477,196.18)
	Fund 40	\$1,372,332.94	\$631,795.78	\$483,519.19
	Fund 60	\$6,432,481.88	\$6,674,617.53	\$4,344,806.57
	Fund 80	\$9,162,458.14	\$11,846,980.75	\$8,924,621.97
	Calvert Equity	\$574,309.60	\$176,676.75	\$1,230,177.08
	Dodge & Cox International Stock	\$3,297,402.11	\$3,334,107.82	\$2,385,259.13
	Touchstone Total Return Bond	(\$796,023.36)		
	Delaware Small Cap Core	\$580,973.05	\$1,140,959.48	\$628,295.45
	John Hancock Small Company	(\$945,026.68)		
	Amerian Century Growth	\$287,611.66	\$811,127.14	\$207,476.38
	American Century Equity Growth	\$584,774.23	\$748,992.31	\$74,961.04
	American Century Value	\$1,170,048.23	\$1,112,232.20	\$78,670.62
	Voya Global Real Estate	\$551,842.26	(\$191,589.92)	\$324,691.48
	Airel Fund	\$571,459.02	\$449,876.10	\$815,062.14
	Northern Bond Index	\$134,157.57	\$1,607,457.29	\$1,428,444.89
	Northern Fund Stock Index	\$1,709,587.93	\$4,064,558.85	\$3,654,523.25
	Northern Funds International Equity	\$223,570.99	\$807,882.65	\$676,373.20

2 cont'd

Northern Funds Small Cap Index	\$1,665,543.18	\$244,866.87	\$634,458.47
Northern Small Cap Value	(\$242,613.60)	\$285,032.37	(\$581,918.58)
Artisan Emerging Markets	(\$3,109,877.34)	\$69.73	
BlackRock Inflation Protected Bond	(\$2,300,564.00)	(\$132,237.42)	\$81,792.66
Oppenheimer International Growth	\$1,073,686.13	\$524,686.30	\$768,560.04
PIMCO Low Duration	\$1,791,735.02	(\$15,708,508.82)	
PIMCO Short-Term	\$5,681,992.85	\$2,439,837.65	\$21,052.95
PIMCO Total Return	(\$5,782,475.98)	(\$38,203,391.42)	
Sit Dividend Growth	\$400,562.92	\$667,248.10	\$940,631.30
Rowe Price Ext Eq Market	\$1,737,551.42	\$994,090.24	\$315,288.82
Rowe Price Balanced	\$4,083,389.20	\$6,622,407.72	\$3,301,951.69
Rowe Price Equity Income	\$3,473,544.61	\$1,283,022.57	\$244,501.07
Rowe Price Real Estate	\$246,919.97	\$1,466,012.91	\$112,326.97
BlackRock Cash Funds	\$6,163,929.18	\$4,162,181.51	\$5,285,710.51
Rowe Price Intl Large-Cap Growth	\$2,503,799.92	\$2,948,144.08	\$6,320,247.96
Templeton International Bond	\$1,404,461.92	\$1,368,239.74	\$819,341.84
William Blair Mid Cap Growth	\$2,172,229.18	\$1,094,273.33	\$1,185,771.37
MFS Value	\$791,818.00	\$861,554.46	\$1,443,459.47
Eagle Small Cap Growth	\$478,532.49	(\$78,531.80)	(\$10,057,140.10)
DFA International Small Co	\$998,528.81	\$1,382,955.76	\$1,078,833.08
American Century Short Duration Inflation Protected Bond	\$420,531.88	\$283,328.46	\$324,175.26
Causeway Emerging Markets	\$4,439,010.47	\$922,147.31	\$1,404,385.48
Baird Short-Term Bond		\$15,954,949.30	\$1,077,526.18
Harbor Small Cap Growth			\$10,143,699.19
MainStay Total Return Bond		\$34,962,071.38	(\$1,126,841.08)
Vanguard FTSE Developed Markets	\$632,088.26	\$481,946.51	\$753,201.82
Vanguard FTSE Emerging Markets	\$561,725.13	\$268,012.49	\$537,083.27
Vanguard Global ex-US Real Estate	\$101,291.26	\$82,402.81	\$108,225.32
Vanguard Mega Cap Growth	\$265,291.18	\$238,860.21	\$482,500.84
Vanguard Mega Cap	\$675,878.72	\$856,193.70	\$1,322,890.00
Vanguard Mega Cap Value	\$746,529.08	\$550,913.15	\$134,103.66
Vanguard Mid-Cap Growth	\$30,097.50	\$159,196.93	\$202,930.80
Vanguard Mid-Cap	\$310,508.37	\$398,529.10	\$498,401.17
Vanguard Mid-Cap Value	\$346,950.49	\$40,055.10	\$47,403.60
Vanguard REIT	\$304,100.65	\$314,793.44	\$300,427.03
Vanguard Short-Term Bond	\$469,992.56	\$1,600,694.70	\$1,429,885.07
Vanguard Small-Cap Growth	\$86,890.06	\$80,524.82	\$112,773.80
Vanguard Small-Cap	\$477,638.53	299,086.03	549,740.83
Vanguard Small-Cap Value	\$244,625.42	280,982.11	98,579.56
Vanguard Total Bond Market	\$149,604.86	397,819.65	1,051,559.33
<b>Total</b>	<b>\$183,484,081.09</b>	<b>\$196,853,823.75</b>	<b>\$184,422,118.82</b>

3	Can you share Treasurer Frerichs' vision for what constitutes a successful 529 education savings program for the State of Illinois?	Treasurer Michael Frerichs aims to provide high quality 529 plans on behalf of the people of Illinois. He plans to accomplish this by offering best-in-class investment options at the best value possible. Furthermore, he plans to grow the plans across the state and beyond, including targeting non-traditional savers. A successful 529 college savings program will surpass the industry baseline and will be recognized by third-party evaluators or ratings agencies for its high quality.
4	What are the assets and number of accounts for each advisor-sold plan by distribution channel (e.g. wirehouse, banks/trusts, independent/regional broker dealers, RIA's, insurance companies)?	As of March 31, 2016 Bright Directions AUM include \$248.6 mil in Fee Structure F (7,998 accounts) which is designed for RIAs and fee only planners. The remaining plan assets are distributed amongst the other groups and are categorized by share class versus channel (A = \$912.4 mil / 61,575 accts; C = \$754.4 mil / 38,310 accts; E = \$56.8 mil / 3,262 accts)
5	What is the average age of the beneficiary for Bright Directions?	As of March 31, 2016 the average beneficiary age for Bright Directions was 11.2 years old.